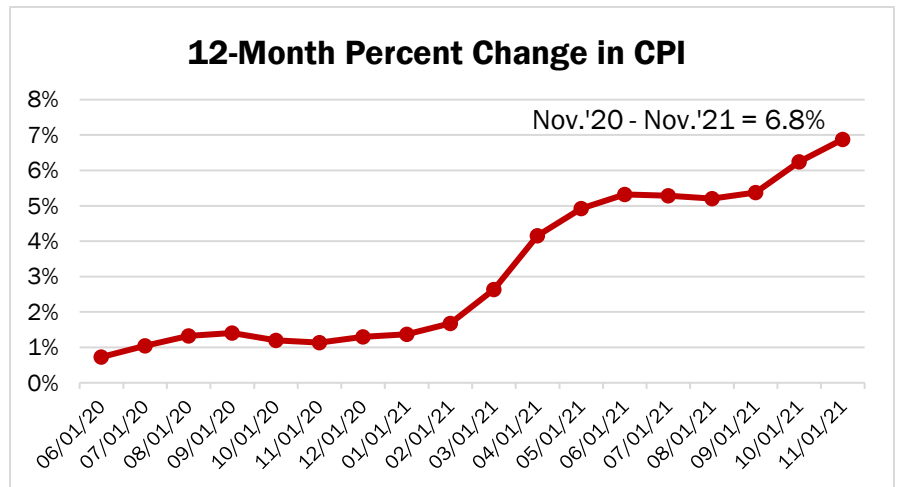




MASSIVE SPENDING BILL WILL FUEL INFLATION

As inflation continues to exceed economists' expectations month after month, Larry Summers' prediction that President Biden's stimulus could "set off inflationary pressures of a kind we have not seen in a generation" is being realized.¹ Inflation is known as "the cruelest tax," as former Chair of the Federal Reserve Paul Volcker previously noted, since it hurts those on fixed incomes, such as the poor and elderly, the hardest.² After Democrats have already approved a record amount of spending this year, the last thing Congress should be doing is spending trillions more.



Source: Bureau of Labor Statistics

- **Americans are feeling the pain of inflation across more goods and services.**
 - Despite officials attempting to assuage concerns for months, a survey conducted in October found 88% of Americans were worried about inflation.³
 - Further, another survey conducted in November had 56% of respondents saying inflation was causing them financial strain with an additional 32% saying it will become a problem if costs keep going up.⁴
 - Inflation stems from an increase in the general price level across a large basket goods and services over time, rather than a rise in prices of just a few items or a temporary change.⁵
 - While prices were rising for only a few items earlier this year, such as the price of gas and used cars, the increase in prices is now being reflected across nearly everything Americans buy, particularly as the rise in energy costs ripples through the economy.⁶
 - As inflation continued to spread across the economy in October, prices climbed higher for things such as gas, which was up a whopping 58%, and used cars, up over 31%, compared to the year before.⁷
- **As price increases persist, inflation should no longer be called "transitory."**
 - While arguments that inflation was just "transitory" may have been reasonable earlier this year when larger-than-normal price increases had only lasted a few months, that argument no longer holds weight.
 - The consumer price index (CPI) has now been rising at a rate above 2% year-over-year since March, hitting a 39-year high of 6.8% in November.⁸
 - The personal consumption expenditures price index (PCE), the Federal Reserve's preferred measure of inflation, also hit its highest level in 30 years in October at 5% year-over-year.⁹
 - After 6 months of CPI running above 5% compared to the year before, Federal Reserve Chairman Jerome Powell conceded he would retire his use of the term "transitory" in describing inflation.¹⁰

After months of climbing prices, Democrats must recognize that their reckless energy policies of shutting down the Keystone XL pipeline and stopping new oil and natural gas leases on federal lands in conjunction with

oversized federal spending bills that pay Americans to not work will only worsen inflation and supply chain woes. Americans cannot afford for Democrats to throw more fuel on the fire by exacerbating price increases with their reckless tax and spending spree and more Green New Deal policies.

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¹ Lawrence Summers. Opinion: The Biden stimulus is admirably ambitious. But it brings some big risks, too. The Washington Post. February 4, 2021. <https://www.washingtonpost.com/opinions/2021/02/04/larry-summers-biden-covid-stimulus/>

² Paul Volcker Interview. PBS. <https://www.pbs.org/fmc/interviews/volcker.htm>

³ Nelseon D. Schwartz and Jeanna Smialek. Inflation Fear Lurks, Even as Officials Say Not to Worry. The New York Times. March 21, 2021. <https://www.nytimes.com/2021/03/10/business/economy/inflation-markets-federal-reserve.html> and Lorie Konish. 88% of Americans are worried about inflation. Here's where they're planning to cut back. CNBC. November 18, 2021. <https://www.cnbc.com/2021/11/18/inflation-has-88percent-of-americans-worried-heres-how-they-will-cut-back.html>

⁴ Aaron Zitner. Inflation Emerges as a Key Concern for Voters, WSJ Poll Finds. The Wall Street Journal. December 7, 2021. https://www.wsj.com/articles/wsj-poll-biden-inflation-voters-11638897374?mod=djemRTE_h

⁵ What are some of the factors that contribute to a rise in inflation? The Federal Reserve Bank of San Francisco. October 2002. <https://www.frbsf.org/education/publications/doctor-econ/2002/october/inflation-factors-rise/>

⁶ Archived Consumer Price Index Supplemental Files. News Release Table 1. Bureau of Labor Statistics. <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

⁷ *Id.*

⁸ Consumer Price Index – November 2021. Bureau of Labor Statistics. December 10, 2021. <https://www.bls.gov/news.release/pdf/cpi.pdf>

⁹ Personal Income and Outlays, October 2021. Bureau of Economic Analysis. <https://www.bea.gov/news/2021/personal-income-and-outlays-october-2021> and Jeffry Bartash.

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<https://www.marketwatch.com/story/inflation-rate-hits-30-year-high-pce-shows-as-u-s-confronts-major-shortages-11630068319>

¹⁰ Nick Timiraos. High Inflation, Falling Unemployment Prompted Powell's Fed Pivot. The Wall Street Journal. December 6, 2021. <https://www.wsj.com/articles/high-inflation-falling-unemployment-prompted-powells-fed-pivot-11638786601>